



Testimony of Wade Merritt
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House Committee on Small Business
Subcommittee on Rural Development, Agriculture, Trade, and Entrepreneurship

“SBA’s State Trade Expansion Program: The States’ Perspective”

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Chair Finkenauer, Ranking Member Joyce, and of course Congressman Golden, members of the subcommittee on Rural Development, Agriculture, Trade, and Entrepreneurship – thank you for having me. My name is Wade Merritt and I am the President of the Maine International Trade Center and board member and past president of SIDO, the national association of state trade offices. It’s my pleasure to be here with you today.

The State Trade Expansion Program, or STEP, is a cooperative program of the Small Business Administration’s Office of International Trade and those offices of international trade – generally divisions of state government but some, like me, are public-private partnerships.

For those of you not familiar with what we do, we are generally tasked with promoting our individual states to a global audience; I introduce our program as “connecting Maine’s businesses and communities to international opportunities” – traditionally export promotion and attraction of foreign investment, but in our case also the diversification of the defense supply chain, promotion of our educational institutions, and facilitation of research and development connections between our state and the Nordic and Arctic regions.

As you well know, STEP was created through the Small Business Jobs Act of 2010 – I am very proud to note that I worked with the Senate Small Business Committee on crafting the original legislation because one of the early champions of the program was our former Senator, Olympia Snowe, who served as ranking member at that time.

The question was asked of us in the summer of 2009: how can SBA best support growth in exporting and convince more SMEs to export? Our response was drawn from our experience in

the field: find a way to provide direct support, and allow states to design and implement programs that best fit the needs of their individual business communities.

That's where STEP is vital to our mission – providing the resources and necessary motivation to get those SMEs to take the leap.

Maine is not Pennsylvania; and Pennsylvania is not Maine. A one-size-fits-all program will not achieve maximum impact and efficiency.

One that allows for thoughtful and creative methods and is able to support states' own plans will. The flexibility of the program can be its greatest strength and allow for the highest possible return on investment.

As I mentioned, we are a public-private partnership. 81% of our clients have fewer than 100 employees; 68% have fewer than 25. Last year we worked with 320 clients, and completed over 1,100 trade assistance consulting and research projects. Anyone who has ever visited our state knows that it is very rural, with just eight municipalities exceeding SBA's definition of urban, and with that type of population mix, there are always challenges with resource deployment and service delivery.

The STEP program directly supports two of our core functions and allows us to extend our resources and be more inclusive – and expansive – in our product offerings. These programmatic areas are driven by constant feedback from and responsiveness to our business community. What do they need? What do they want?

In 2018, utilizing STEP funds, we launched a refreshed trade education series, GlobalU, which reflected a multi-tiered approach from basic information to highly advanced topics – many offered through multiple channels to extend our reach. We've just completed Maine International Trade Day with 400 attendees and a focus on opportunities for the state's forest and marine industries – and how greater engagement with the Nordic region could help drive positive economic change. These efforts not only provide much needed education, but also engagement – bringing small businesses from all over the state into our STEP pipeline.

It is our goal to engage our small business communities in exporting – and to do that through collaboration with our federal and state colleagues, and encouraging them to use all of the resources available to them.

Like many states, we organize trade events at international trade shows, offering cost-effective opportunities for businesses to meet international buyers and distributors. During 2018, MITC coordinated a presence at nine trade shows supporting Maine's food, seafood, composites, and life sciences industries. All of these efforts had some measure of STEP support, and the variety of shows and destinations allowed for exporters at all levels of sophistication to have a chance to participate.

The results have been inspiring – for the past two grant years, our small businesses have reported almost \$29 million in actual sales, from an investment of just \$300,000 of federal funds, roughly a 100:1 return on investment.

I want to thank the committee for taking an interest in this program and we look forward to working with you and agency to ensure STEP reaches its full potential. Although there are issues with the management of the program that I and my peers feel can be worked on and improved – and that I'm sure I will take questions on - there can be no doubt that the outcomes of the program are significant and important.

It is critical that international markets be an integral part of small businesses' growth strategy, and it is critical that those small businesses have the support, whether financial, technical, or even emotional – that they need to play offense and be successful. For many states and the businesses we serve, the STEP program is an important part of that equation.

Thank you for your time and I look forward to the discussion.